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## Economic development and individual and social behavior

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### Abstract

Effect of economy and economic changes on individuals. Symptoms of behavioral and societal impacts. Theories explaining the relationship between achievement motivation, upbringing and education, the theory trying to clarify the causes of poverty, the theory of work motivation and needs. Meaning of work, communication and social interaction. Sense of safety as a category of individual and social interaction. Unemployment, crime and homelessness as a result of unemployment.

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### 1. Introduction

Public Policy, as a multidisciplinary science, is a significant factor affecting a number of important social impacts and their consequences on the general population. A particular policy is always influenced by the specific economic and social situation in a given country and is effectuated under certain conditions and relations. Among the major issues currently arising in many developed countries, as well as in economically developing countries, is the question of the impact of economy as a key factor affecting behavior of individuals and of a society. These are thus questions of economic development and economic growth that are among the most discussed social issues along with behavior of the population for which specific impacts can be traced to any individual. An economic system and a public policy system have a range of impacts on humans and due to the existence and functioning of many different economies it can be very difficult to reach some generally valid conclusions. However, it is well known that all economic changes in consequence concern every single individual who responds to them and adapts their behavior to these changes, which is then echoed in the society. Negative economic impacts in the form of crises logically bring along a series of social impacts such as unemployment, poverty or deprivation which strengthens the incidence of crime, homelessness and other negative social phenomena.

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## 2. Public policy and social behavior

A human being is a part of all economic systems and that is why so many researchers focus in their research on economic change and individual behavior trying to explain how individual and general conditions can affect both economic and uneconomic behavior. A major issue, which arises in a number of research papers as early as the 70s of the 20th century, is the emphasis put on the historical dimension of economic development and the level of individual behavior, including the determination of the effects of cultural anthropology. The economic process is a continuous process. Historical development has shown that countries, which under certain conditions reach a certain stage of progress, then decline and need to start up a new development process at a later time. The massive development and expansion of cultural and economic development of the Aztec empire can serve as an example of a society where individual, cultural, anthropological and economic factors played a significant role in the expansion of the culture.

The importance of these influences has been pointed out in studies of many researchers. For example, McClelland's Economic Theory (McClelland, D.C., 1961) underlined the importance of the hypothesis that cultures differ in the degree to which they support personal transformation focused on the need for high performance. Some of its results pointed at the importance of the relationship between education and upbringing of children and achievement motivation, or at the relationship between achievement motivation and economic growth within a country. This means that where the emphasis was on progress and prosperity, reflected in access to education and work, benefit for each individual, as a symbol of the culture, was also noticed.

Long-term research results were compared with the sophistication of the cultures of Ancient Greece and pre-Columbian Peru at the time of economic prosperity. McClelland's statement regarding the need for high performance or achievement motivation is more of a result of economic development that allows and encourages personal development. This means that developed economy positively affects individual development and thus also performance and motivation. Cover and Johnson (Cover, J.D., Johnson, N.R., 1976) came to similar conclusions in their studies. Other researchers focused on the issues of value system (Ayal, E.B., 1963) of a certain culture, which they considered an important means for achieving objectives and social development. Decades ago many researchers, such as Holmes and Rahe (Holmes T.H., Rahe, R.H., 1967), pointed to the negative consequences of high economic development, i.e. a number of stressful events happening in developed economies, causing the occurrence of physical and mental disorders caused by stress. Galbraith (Galbraith, J.K., 1980) concluded that the cause of poverty associated with lower levels of development is low determination to succeed and prompt identification with the situation, which is not unlike human *addiction* to this social situation and the absence of expectations of a higher living standard. In case a culture encourages expectations of higher living standards, there is greater aspiration for recovery of that culture. In addition to their own research, many of the researchers draw from global historical experience.

Economic conditions affect behavior but also attitudes that are reflected in behavior. This means that satisfaction and well-being, satisfaction with economic and social system of the country and their own perception of economic conditions is becoming the subject of evaluation of social behavior. Studies that have been carried out in this area suggest a correlation between satisfaction and income, corresponding with work satisfaction, depending on income, the possibility of additional income etc. with a strong influence on perceptions of justice or injustice of one's own economic situation, i.e. how people explain their economic situation. Poor people perceive the cause of their condition structurally, i.e. put it to external influences (or state control of the economy) rather than their own internal efforts (motivation, skills). This also explains the so-called effect of point influencing behavior (locus of control), (Strumpel, B., 1976).

Work is a factor that significantly influences behavior of each individual, and society as a whole. Work is an essential socialization factor including elements of self-fulfillment and social interaction and is a means of obtaining social status, usually associated with some external and internal reward. The issue of work motivation is associated with a variety of needs theories, amongst which the most prominent one is the motivational theory of Maslow (Maslow, A.H., 1943), which is based on an effort to explain the realization and implementation of one's own individual potential in relation to organization of one's own needs. Why an individual satisfies specific needs in a certain order is related to the dynamics of individual behavior influenced by feelings of satisfaction or distress. Invoked feeling of deprivation moves a certain need to a dominant position and the behavior of the individual is thus focused on satisfying it. Should the need be satisfied, its importance declines and other needs of the proximate higher level are stimulated. In contemporary advanced society, it is just the social needs with their own hierarchical level whose lack of satisfaction is perceived by some individuals as highly problematic. They are, for example, issues of communication and interaction, which, in developed societies happen anonymously through telecommunications networks, the Internet and social networks. A number of public institutions, including the banking sector, is trying to limit personal contact with their clients (for security and economic reasons) and prefers impersonal contact via communication technologies in the form of reinforcement, i.e., faster and cheaper services. The "behavior reinforcement" with the influence of social learning leads to adoption of certain patterns of behavior, which are later, applied to other situations and environments. The absence of interpersonal social contact generates feelings of anonymity, increasing the chances of criminal or delinquent behavior. One of the most debated issues in the context of increasing anonymity is the question of safety and perceptions of safety by an individual or a company. It is again possible to draw from many long-published theories, pointing to the fact that people are affected mainly by their own emotions, ideas and thoughts that are reflected in perceptions and experience and which affect behavior and ways of reinforcement (Meichenbaum, D.H., 1977).

A feeling of safety is closely connected with the state of human consciousness, in which we do not feel threatened; it is a subjective mental state enabling fulfillment, integration into society, safe future, the absence of health risks or basic subsistence needs. The state of safety is related to an objective perception of safety, associated with the economic and safety influences on the level of wider society. Here too are subjective and objective factors and factors of society as a whole intertwined.

Work as an essential means of self-fulfillment and social integration relates to other phenomena of contemporary developed societies, among which as the most important phenomenon dominates unemployment. Certain highly developed countries have a high rate of unemployment, occurring particularly among young age groups. From this perspective, there is a significant risk of increasing inability to integrate into society, losing motivation to work and reducing economic level including the anchoring of such patterns of behavior that do not support motivation to work and disrupt the daily routine. Several studies previously pointed out that for many people unemployment leads to deterioration of mental state, increased anxiety, depression, decreased life satisfaction and overall indifference. The higher the motivation to work, the more extreme the effects are. These consequences manifest more on job applicants in productive age and are accompanied by symptoms of psychological vulnerability and fear of poverty and disease (Warr, P., 1983). Loss of work is one of the factors affecting a person psychologically, socially and economically.

Any loss of work and adaptation to new conditions is one of highly stressful events in human life, which is also true for retiring or adaptation to new working conditions.

Life of people without work is a complex problem of each individual as well as the whole society. The way of satisfying the basic existential and social needs and of setting the standard of living corresponds again with behavior and depends on the economic level of that individual or the society. Increased crime rates and violence signal absence or inefficient function of economic instruments and low living standards. Long-term unemployment, instability within family, long-term material poverty, social exclusion associated with existential crisis are all factors that predict homelessness, which is another complex and long-term problem of every society.

The development of socially pathological behavior corresponds with the economic and social status of the country. One indicator of the development of the national economy measuring its performance is Gross Domestic Product (GDP). At the same time the indicator is a global benchmark for determining the performance of the economy and consumption per capita. These indicators represent a relatively objective sign to compare public expenditure as a percentage of GDP. For countries in the Eurozone, statistics show the expected trend in public expenditure in different areas and in different years. In the area of public expenditure on education there is a relatively stable trend of a third of Eurozone countries lagging behind the expected development, which in effect means a lower standard of living, higher unemployment and lower chance of social integration, which indicates an increase in negative social phenomena. To coordinate domestic and foreign policies and to facilitate introduction of a number of measures in the area of social policy, education, health, environment etc., a benchmarking project - European Comparison Program (ECP) has been developed within Eurostat to prevent these negative impacts and to regularly and operatively provide comparable data on GDP and its expenditure components. Higher spending on education and thus a higher level of education, as pointed out by many researchers, means higher social welfare and greater certainty of the future reflecting appropriate value levels and higher aspirations, bringing high social and individual benefits

## Conclusion

The purpose of this short reflection is to point out some important ideas and theories known for decades from the perspective of contemporary society, to think about the importance and impact of public policy and especially about the role of individual, social and economic factors from the perspective of social and individual prosperity. From this perspective, categories of work, economic conditions, company and individual have been selected as significant.

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